

By: Averitt

S.B. No. 1447

A BILL TO BE ENTITLED

AN ACT

relating to including pension and other postemployment benefits in the computation of rates for electric utilities.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter B, Chapter 36, Utilities Code, is amended by adding Section 36.065 to read as follows:

Sec. 36.065. PENSION AND OTHER POSTEMPLOYMENT BENEFITS.

(a) The regulatory authority shall include in the rates of an electric utility the utility's expense for pension and other postemployment benefits, as determined by actuarial or similar studies of these obligations, in an amount found reasonable by the regulatory authority. An electric utility's rates shall include pension and other postemployment benefits expense attributable to service of employees of the electric utility's predecessor integrated electric utility before the utility's unbundling under Chapter 39, irrespective of the business activity performed by the employees or the affiliate to which the employees were transferred on or after unbundling.

(b) Effective January 1, 2005, an electric utility may establish one or more reserve accounts for pension and other postemployment benefits expense. The purpose of the reserve account or accounts is to allow an electric utility to periodically record any difference between:

(1) the annual amounts of pension and other

1 postemployment benefits expense approved in the electric utility's  
2 last general rate proceeding as an operating expense; and

3 (2) the annual amounts of pension and other  
4 postemployment benefits expense determined by actuarial or similar  
5 studies that are chargeable to the electric utility's operating  
6 expense.

7 (c) A surplus in the reserve account exists if the amount of  
8 pension and other postemployment benefits expense under Subsection  
9 (b)(1) is greater than the amount determined under Subsection  
10 (b)(2). A shortage in the reserve account exists if the amount of  
11 pension and other postemployment benefits expense under Subsection  
12 (b)(1) is less than the amount determined under Subsection (b)(2).

13 (d) If one or more reserve accounts for pension and other  
14 postemployment benefits expense are established by an electric  
15 utility under Subsection (b), the regulatory authority in  
16 subsequent general rate proceedings shall:

17 (1) review the amounts booked by the electric utility  
18 to the reserve account or accounts to determine whether the amounts  
19 are reasonable expenses;

20 (2) determine whether the reserve account or accounts  
21 has a surplus or shortage under Subsection (c); and

22 (3) subtract any surplus from or add any shortage to  
23 the electric utility's rate base, with the surplus or shortage  
24 amortized over a reasonable time.

25 SECTION 2. This Act takes effect immediately if it receives  
26 a vote of two-thirds of all the members elected to each house, as  
27 provided by Section 39, Article III, Texas Constitution. If this

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1 Act does not receive the vote necessary for immediate effect, this

2 Act takes effect September 1, 2005.